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Banco Comercial Português informs about Bank Millennium (Poland) results in 9M2016

Banco Comercial Português, S.A. hereby informs that Bank Millennium in Poland, in which it has a 50.1% holding and whose accounts are fully consolidated in BCP group level, released today its results for the first nine months of 2016, whose highlights are as follows:

Consolidated net profit in 9M2016 amounted to PLN 569.8 million (€130.3 million), 15.5% higher than in the corresponding period of 2015. Such high dynamics resulted mainly from one-off income from VISA Europe transaction of PLN 283 million (€64.7 million), booked in 2Q 2016, which more than offset the negative impact of new banking tax and other one-off cost provisions. Comparable net profit for 9M2016, without one-off income or cost and banking tax, would amount to PLN 517.4 million (€118.3 million) and would be 4.8% higher year-on-year.

Net profit for 3Q 2016 amounted to PLN 138.8 million (€31.7 million). Without banking tax, net profit for 3Q 2016 would amount to PLN 186.2 million (€42.6 million), 12.4% higher than PLN 165.7 million (€37.9 million) net profit achieved in 3Q 2015. Yearly comparable profit growth was supported by growing core income (especially net interest income) accompanied by modest cost growth and lower provisions - thanks to very solid quality of assets.

ROE for 9M 2016 period reached 11.4%, 0.3 p.p. higher compared to the level for the corresponding period of 2015. ROE growth is limited by very significant growth of equity (+11.5% yearly).

Main financial and business highlights of 9M2016 results are the following:

Solid net profit

- Net profit in Jan-Sep. 2016 at PLN 570 million (€130.3 million), +15.5% y/y
- 3rd quarter net profit: PLN 139 million (€31.8 million), after PLN 47 million (€10.7 million) of new banking tax
- ROE at 11.4% (7.9% without one-off items booked in 2Q'16)

Consistent growth of operating income

- Core income grew by 4% y/y and 2.3% q/q, mainly thanks to better net interest income (+8.7 y/y and +0.5% q/q)
- Second consecutive quarterly growth of net commission income : +7.4% q/q

Good and stable asset quality and cost of risk

- Impaired loans ratio at low 4.6% level; the ratio for mortgage loans at 2.4%
- Cost of risk at 45 p.b. year-to-date (over net loans)

Further improvement of capital and liquidity ratios

- Group TCR¹ grew to 18% and CET1 to 17.8%
- Comfortable fulfilment of regulatory capital thresholds
- Very strong liquidity: Loans-to-deposits ratio² at low 85%

Deposits/accounts/customers

- Net growth of active customers by 107 thousand during last 12 months (+37 thousands in 3Q 16).
- Retail deposits growth above market: +16% y/y and +2% q/q
- Growing number of transactions in corporate segment: +13% of domestic payments and +33% of FX transactions (volume)

¹ Calculated in accordance with CRR/CRD4 and partial IRB approach (with regulatory constraint).

² Deposits include Bank's debt securities sold to individuals and repo transactions with customers.

Loans

- Acceleration of PLN mortgage sales: PLN 691 million (€158.0 million) in 9M 2016, +44% from the same period of 2015
- Seasonally lower sales of consumer loans: PLN 512 million in 3Q (€118.5 million), YTD -8% from the same period of 2015
- Strong sales growth of leasing and factoring: +11% and +13% from the same period of 2015

Quality and Innovations

- Bank Millennium on podium in all categories of Newsweek quality ranking: 2nd in the best Internet and mortgage bank and 3rd in the traditional and mobile banking category
- Branch optimization process continued: net reduction of 13 branches during 3Q
- More than half million active users of mobile solutions (almost 50% growth yearly)

End of announcement

Banco Comercial Português, S.A.